



U. S. Department of Housing and Urban Development

Office of Public and Indian Housing

Special Attention of:

Secretary's Representatives;
State and Area Coordinators;
Directors, Offices of Public Housing;
Public Housing Agencies Administering
Section 8 Programs.

Notice PIH 98- 21 (HA)

Issued: April 21, 1998

Expires: April 30, 1999

Cross References:

**Subject: Revised Consolidated Annual Contributions Contract for the
Section 8 Rental Certificate and Rental Voucher Programs**

1. **Purpose:** This Notice distributes for immediate use the December 1997 revision of Form HUD-52520, the Consolidated Annual Contributions Contract (CACC) for the Section 8 Rental Certificate and Rental Voucher programs.
2. **Applicability:** This Notice supersedes Notice 94-29, issued May 26, 1994, which expired May 31, 1995, as it applied to the Rental Certificate and Rental Voucher programs. Form HUD-52520-MR, the CACC for the Moderate Rehabilitation Program has not been revised and, therefore, this Notice is not applicable to the Moderate Rehabilitation program.
3. **Changes to the CACC:** The revised CACC, Form HUD-52520, is attached. Paragraph 2 of the CACC is modified. The new language allows HUD to amend the CACC to add funding increments by sending a prescribed form of HUD notice to the housing authority along with revised Funding Exhibits. After the HA has once executed the new CACC, Form HUD-52520, It will no longer be necessary to prepare a CACC on Form HUD-52520 for execution by the HA to add new or renewal funding increments, or cost amendments.

This change will substantially reduce the Section 8 funding workload on field offices. It will also eliminates funding delays while waiting for HA execution of CACC amendments which add new funding increments for Rental Certificate and Rental Voucher programs, renewal funding increments, and cost amendments.

Paragraphs 18 and 19 have been deleted from the old form of CACC. These paragraphs dealt with conflicts of interest provisions and the interests of members of and delegates to Congress. These restrictions are now in the

program regulations and do not need to be repeated in the contract.

4. **Implementation of the Revised CACC:** To implement the revised CACC, HUD and each housing authority participating in the Rental Certificate and/or Rental Voucher program must execute the revised CACC once. By executing the revised CACC, the housing authority agrees to the provisions of the CACC, including the revised language of paragraph 2. Subsequently, whenever new funding increments are added to the CACC, HUD will send a prescribed formal notice to the housing authority advising the housing authority of the funding action and transmitting revised Funding Exhibits.

For the first funding action for each participating housing authority after issuance of this Notice, field offices must follow established procedures for reservation and contracting of rental certificate and/or rental voucher funds. However, the field office must use the 12/97 version of Form HUD-52520 instead of the 11/93 version. The notification letter transmitting the revised CACC and Funding Exhibits should point out that the form of the CACC has been revised to expedite future funding actions. Two copies of the CACC must be sent to the housing authority with instructions to execute and return both copies to HUD. When the executed CACCs are received back from the housing authority, they must be executed for HUD by the Director, Office of Public Housing. One of the executed CACCs must then be returned to the housing authority for its records, and the other must be retained in the permanent CACC contract file of the Office of Public Housing.

5. **Tracking:** Field offices must ensure that the revised CACC is executed at least once with each participating housing authority. To accomplish this, a simple tracking log should be established listing each participating housing authority, with columns to note the date HUD and each HA sign the revised CACC.

6. **Funding Procedures:** After a housing authority has executed the revised CACC, thereby agreeing to its terms, field offices will follow the procedures below for funding future Rental Certificate and Rental Voucher increments.

- A. **Calculate Funding Requirements:** Follow current program instructions for calculating funding requirements.
- B. **Verify Availability of Funds:** Funds are assigned to field offices via Form HUD-185. Fund assignments are entered in the Program Accounting System (PAS), and are sent to HUDCAPS from PAS through a systems interface. Field offices must verify the availability of funds on HUDCAPS' Assignment Spending Query Table (SASP) before attempting to reserve funds. Please refer to the HUDCAPS Quick Reference Guide for step-by-step instructions. See "Reviewing the Available Budget" on page 9.

- C. **Reserve Funds in HUDCAPS:** After calculating funding requirements and verifying availability of funds, field offices must reserve the funds in HUDCAPS. Please refer to the HUDCAPS Quick Reference Guide for step-by step instructions. Relevant sections include:
- Creating a Reservation that Has Been Priced, p. 25;
- Creating a Reservation that Has Not Been Priced, p. 27; and
- Approving a Reservation, p. 31.
- D. **Prepare Funding Exhibits.** After funds have been reserved, the Funding Exhibit must be generated from HUDCAPS. Please refer to the HUDCAPS Quick Reference Guide for step-by-step instructions. See “Generating a Funding Exhibit” on page 33. Please remember that Funding Exhibits require overnight processing in HUDCAPS. This ensures that all appropriate funding increments are listed on the Funding Exhibit, including any which may have just been reserved.
- E. **Prepare Notice to the Housing Authority:** Field offices must prepare the formal notice to the housing authority to add a funding increment. The prescribed form of the notice is attached. This notice is a legal document, and must be used word-for-word. With revised funding exhibits attached, it constitutes an amendment to the CACC when executed by the Director, Office of Public Housing. Two copies of the notice must be prepared and signed; one for the housing authority and the other for the official CACC contract file of the Office of Public Housing.
- F. **Prepare Transmittal Letter:** Field offices must prepare a transmittal letter to the housing authority. The letter must transmit the formal notice of amendment of the CACC including the revised funding exhibits. It **MUST** include a statement that the Department has obligated \$ (dollar amount) under (funding increment number) for (specify purpose).
- G. **Prepare Congressional Notification:** For new funding, follow program instructions for preparation and submission of Congressional Notifications. Congressional Notifications are not required for renewal funding and cost amendments.
- H. **Contract Funds in HUDCAPS:** The first time the revised CACC is used for each housing authority, funds cannot be contracted in HUDCAPS until the CACC has been executed by both the HA and HUD. For subsequent funding actions, funds may be contracted after the formal notification with revised Funding Exhibits have been sent to the HA. Please refer to the HUDCAPS Quick Reference Guide for step-by-step instructions. Relevant sections include:
- Creating a Contract, page 37, and
- Approving a Contract, page 39.

7. **Field Counsel:** Since the issuance of PIH Notice 94-29, May 26, 1994, CACCs have been prepared by the Office of Public Housing. Prior to that time, CACCs were routinely prepared by field office Counsel. Office of Public Housing staff are encouraged to discuss any significant legal issues with Counsel, however, Counsel are not generally involved in the routine preparation, issuance or review of CACCs for the Section 8 programs.
8. **CACC Contract Files:** The Department's official CACC contract files are maintained by the Office of Public Housing in the field office. The CACC contract file is critically important to the Rental Certificate and Rental Voucher programs because it contains the Department's only official record of funding actions.

Distribution of the revised CACC, and implementation of the procedures described above will not change the critical importance of the CACC contract file. The formal notice discussed in paragraph 6.E. above, with the attached revised funding exhibits, constitute an amendment of the CACC. A signed original of the notice to the housing authority, with attached Funding Exhibits, **MUST** be filed in the official CACC contract file, along with a copy of the transmittal letter to the HA. All CACC amendments must be retained in the CACC contract file to maintain a complete historical record of all contracting actions. CACC contract files are permanent files and may never be destroyed, purged, or retired to a Federal Records Center.
9. **CACC Forms:** Offices of Public Housing must use the CACC form and amendment notice approved by Headquarters and issued by this Notice. Offices of Public Housing may not make any alterations or additions to the approved CACC form. Offices may not use any abbreviated, short-form, or "letter" amendments to the CACC.
10. **HA Formalities:** In the past, some field offices required HAs to submit formal evidence that the HA Board authorized execution of the CACC. HAs are not required to submit any such evidence. It is the responsibility of the HA, with its Counsel, to determine that CACC execution is properly authorized and complies with any applicable state and local laws. HUD will generally rely on the executed CACC as returned by the HA.
11. **Contacts:** This Notice was prepared for the Section 8 Finance Division by William Gilliland. If you or your staff have questions, please contact him on (205) 290-7601, ext. 1144, or Mary C. Conway on (202) 708-2934.

/s/ Deborah Vincent

Acting Assistant Secretary for
Public and Indian Housing

Consolidated
Annual Contributions Contract

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing

Rental Certificate and Rental Voucher Programs

Section 8

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1. Definitions

ACC Annual contributions contract.
ACC Reserve Account An account established by HUD for a program from amounts by which the maximum payment to the HA under the consolidated ACC (during a HA fiscal year) exceeds the amount actually approved and paid. This account is used as the source of additional payments for the program.
Annual Contributions Contract The contract for each funding increment. HUD's commitment to make payments for each funding increment ("project") listed in the funding exhibit constitutes a separate ACC.
Budget Authority The maximum amount of funds available for payment to the HA over the term of a funding increment. Budget authority is authorized and appropriated by the Congress.
Consolidated Annual Contributions Contract (consolidated ACC) This consolidated contract for the HA certificate program and voucher program. HUD's commitment to make payments for each funding increment in a program constitutes a separate ACC. However, commitments for all the funding increments are listed in this consolidated ACC.
Contract Authority The maximum annual payment by HUD to the HA for a funding increment. The amount of contract authority for each funding increment in a program is listed in the funding exhibit for the program.
Fiscal Year The HA fiscal year. The funding exhibit states the last month and day of the HA fiscal year.
Funding Exhibit An exhibit to the consolidated ACC. The funding exhibit states the amount and term of funding for a program. There are separate funding exhibits for the HA certificate program and voucher program.
Funding Exhibit A The funding exhibit for the HA certificate program.
Funding Exhibit B The funding exhibit for the HA voucher program.

Funding Increment (also called a "Project"). Each commitment of budget authority by HUD to the HA for a program under the consolidated ACC. The funding increments for the program are listed on the program funding exhibit.
HA Housing agency.
Housing Agency (HA) The agency that has entered this consolidated ACC with HUD.
HUD U.S. Department of Housing and Urban Development.
Program The HA certificate program or voucher program.
Program Expenditures Amounts which may be charged against program receipts in accordance with the consolidated ACC and HUD requirements.
Program Receipts Amounts paid by HUD to the HA for a program, and any other amounts received by the HA in connection with the program.
Project A funding increment for the program.

2. Funding for HA Certificate or Voucher Program

- a. The funding increments in the HA certificate program or voucher program are listed in the funding exhibit for the program.
b. The amount of contract and budget authority for each funding increment in a program is stated in the program funding exhibit.
c. By giving written notice to the HA, HUD may revise the funding exhibit for a program:
(1) To add a funding increment, or
(2) To remove a funding increment for which the ACC term has expired.
d. The HUD notice must include a revised funding exhibit, specifying the term, contract authority and budget authority for each funding increment under the consolidated ACC. The HUD notice of a revised funding exhibit for a program constitutes an amendment of the consolidated ACC.

3. Term

- a. The funding exhibit states the first date and last date of the ACC term for each funding increment.
- b. If the first or last date of the ACC term for a funding increment is not entered before the consolidated ACC is signed by the HA, HUD may enter the date subsequently, by giving written notice to the HA.

4. HUD Payments for Program

- a. HUD will make payments to the HA for a program in accordance with HUD regulations and requirements.
- b. For each HA fiscal year, HUD will pay the HA the amount approved by HUD to cover:
 - (1) Housing assistance payments by the HA for a program.
 - (2) HA fees for administration of the program.
- c. The amount of the HUD payment may be reduced, as determined by HUD, by the amount of program receipts (such as interest income) other than the HUD payment.

5. Maximum Payments for Program

- a. **Annual Limit** Except for payments from the consolidated ACC reserve account, the HUD annual payments for a program during a fiscal year must not be more than the sum of the contract authority amounts for the funding increments in the program.
- b. **Limit on Payments for Funding Increment** The total amount of payments for any funding increment over the increment term must not exceed budget authority for the funding increment.

6. Reduction of Amount Payable by HUD

- a. If HUD determines that the HA has failed to comply with any obligations under the consolidated ACC, HUD may reduce to an amount determined by HUD:
 - (1) The amount of the HUD payment for any funding increment.
 - (2) The contract authority or budget authority for any funding increment.
- b. HUD must give the HA written notice of the reduction.
- c. The HUD notice must include a revised funding exhibit specifying the term, contract authority, and budget authority for each funding increment under the consolidated ACC. The HUD notice of revisions to the funding exhibit for a program constitutes an amendment of the consolidated ACC.

7. ACC Reserve Account

An ACC reserve account may be established and maintained by HUD. The amount in the account is determined by HUD. The ACC reserve account may be used by HUD to pay any portion of the program payment approved by HUD for a fiscal year.

8. Separate ACC for Funding Increment

HUD's commitment to make payments for each funding increment ("project") listed in the funding exhibit constitutes a separate ACC.

9. Budget and Requisition for Payment

- a. Each fiscal year, the HA must submit to HUD an estimate of the HUD payments for the program. The estimate and supporting data must be submitted at such time and in such form as HUD may require, and are subject to HUD approval and revision.
- b. The HA must requisition periodic payments on account of each annual HUD payment. Each requisition must be in the form prescribed by HUD. Each requisition must include certification that:
 - (1) Housing assistance payments have been made in accordance with contracts in the form prescribed by HUD and in accordance with HUD requirements; and
 - (2) Units have been inspected by the HA in accordance with HUD requirements.
- c. If HUD determines that payments by HUD to the HA for a fiscal year exceed the amount of the annual payment approved by HUD for the fiscal year, the excess must be applied as determined by HUD. Such applications determined by HUD may include, but are not limited to, application of the excess payment against the amount of the annual payment for a subsequent fiscal year. The HA must take any actions required by HUD respecting the excess payment, and must, upon demand by HUD, promptly remit the excess payment to HUD.

10. HUD Requirements

- a. The HA must comply, and must require owners to comply, with the requirements of the U.S. Housing Act of 1937 and all HUD regulations and other requirements, including any amendments or changes in the law or HUD requirements.
- b. The HA must comply with its HUD-approved administrative plan, and HUD-approved program funding applications.
- c. The HA must use the program forms required by HUD.
- d. The HA must proceed expeditiously with the programs under this consolidated ACC.

11. Use of Program Receipts

- a. The HA must use program receipts to provide decent, safe, and sanitary housing for eligible families in compliance with the U.S. Housing Act of 1937 and all HUD requirements. Program receipts may only be used to pay program expenditures.
- b. The HA must not make any program expenditures, except in accordance with the HUD-approved budget estimate and supporting data for a program.
- c. Interest on the investment of program receipts constitutes program receipts.
- d. If required by HUD, program receipts in excess of current needs must be promptly remitted to HUD or must be invested in accordance with HUD requirements.

12. Administrative Fee Reserve

- a. The HA must maintain an administrative fee reserve for a program. The HA must credit to the administrative fee reserve the total of:
 - (1) The amount by which program administrative fees paid by HUD for a fiscal year exceed HA administrative expenses for the fiscal year, plus
 - (2) Interest earned on the administrative fee reserve.
- b. The HA must use funds in the administrative fee reserve to pay administrative expenses in excess of program receipts. If any funds remain in the administrative fee reserve, the HA may use the administrative reserve funds for other housing purposes if permitted by State and local law.
- c. If the HA is not adequately administering any Section 8 program in accordance with HUD requirements, HUD may:
 - (1) Direct the HA to use the funds to improve administration of the Section 8 program or for reimbursement of ineligible expenses.
 - (2) Prohibit HA use of administrative fee reserve funds.

13. Depositary

- a. Unless otherwise required or permitted by HUD, all program receipts must be promptly deposited with a financial institution selected as depositary by the HA in accordance with HUD requirements.
- b. The HA must enter an agreement with the depositary institution in the form required by HUD.
- c. The HA may only withdraw deposited program receipts for use in connection with the program in accordance with HUD requirements.
- d. The agreement with the depositary institution must provide that if required under a written notice from HUD to the depositary:
 - (1) The depositary must not permit any withdrawal of deposited funds by the HA unless withdrawals by the HA are expressly authorized by written notice from HUD to the depositary.
 - (2) The depositary must permit withdrawals of deposited funds by HUD.
- e. If approved by HUD, the HA may deposit under the depositary agreement monies received or held by the HA in connection with any contract between the HA and HUD.

14. Program Records

- a. The HA must maintain complete and accurate books of account and records for a program. The books and records must be in accordance with HUD requirements, and must permit a speedy and effective audit.
- b. The HA must furnish HUD such financial and program reports, records, statements, and documents at such times, in such form, and accompanied by such supporting data as required by HUD.

- c. HUD and the Comptroller General of the United States, or their duly authorized representatives, must have full and free access to all HA offices and facilities, and to all the books, documents and records of the HA relevant to administration of the program, including the right to audit and to make copies.
- d. The HA must engage and pay an independent public accountant to conduct audits that are required by HUD. The cost of audits required by HUD may be charged against program receipts.

15. Default by HA

- a. Upon written notice to the HA, HUD may take possession of all or any HA property, rights or interests in connection with a program, including funds held by a depositary, program receipts, and rights or interests under a contract for housing assistance payments with an owner, if HUD determines that:
 - (1) The HA has failed to comply with any obligations under this consolidated ACC; or
 - (2) The HA has failed to comply with obligations under a contract for housing assistance payments with an owner; or
 - (3) The HA has failed to take appropriate action, to HUD's satisfaction or as directed by HUD, for enforcement of the HA's rights under a contract for housing assistance payments (including requiring actions by the owner to cure a default, termination, or reduction of housing assistance payments, termination of the contract for housing assistance payments, or recovery of overpayments); or
 - (4) The HA has made any misrepresentation to HUD of any material fact.
- b. HUD's exercise or non-exercise of any right or remedy under the consolidated ACC is not a waiver of HUD's right to exercise that or any other right or remedy at any time.

16. Fidelity Bond Coverage

The HA must carry adequate fidelity bond coverage, as required by HUD, of its officers, agents, or employees handling cash or authorized to sign checks or certify vouchers.

17. Exclusion from Program

Single-headed households, pregnant females, and recipients of public assistance may not be excluded from participation in or be denied the benefit of a program because of such status.

18. Exclusion of Third Party Rights

- a. A family that is eligible for housing assistance under this consolidated ACC is not a party to or third party beneficiary of the consolidated ACC.
- b. Nothing in the consolidated ACC shall be construed as creating any right of any third party to enforce any provision of this consolidated ACC, or to assert any claim against HUD or the HA.

19. Consolidated ACC

- a. The consolidated ACC is a contract between HUD and the HA.
- b. This consolidated ACC supersedes any previous annual contributions contract for a program. Matters relating to funding or operation of the program under a previous annual contributions contract are governed by this consolidated ACC.

United States of America Secretary of Housing and Urban Development
Signature of Authorized Representative

Date signed:

X

Name & Official Title: (print or type)

Housing Agency Name of Agency: (print or type)

Signature of Authorized Representative:

Date signed:

X

Name & Official Title: (print or type)